

## Message Text

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PAGE 01 TEGUCI 01068 042213Z

ACTION L-03

INFO OCT-01 ARA-06 ISO-00 EB-08 COME-00 TRSE-00 AGRE-00

CIAE-00 INR-07 NSAE-00 SP-02 /027 W

-----042332Z 029583 /70

P 042154Z MAR 77

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 5973

LIMITED OFFICIAL USE TEGUCIGALPA 1068

E.O. 11652: N/A

TAGS: EINV, HO

SUBJECT: UNITED BRANDS EXPROPRIATION CASE

REF: TEGUCIGALPA 0424

1. TELA RAILROAD CO. (UNITED BRANDS) LOCAL MANAGER EDUARDO ARAGON INFORMED AMBASSADOR THAT AGRARIAN REFORM INSTITUTE (INA) PREPARING TO INITIATE FORMAL LEGAL PROCEEDINGS TO IMPLEMENT EXPROPRIATION 85,000 ACRES OF COMPANY'S LAND. HE SAID INA ATTEMPTED LOCATE HIM YESTERDAY TO SERVE PAPERS AS FIRST STEP IN EXPROPRIATION PROCEEDINGS. THUS, IT APPEARS THAT INA DIRECTOR, RIGOBERTO SANDOVAL, HAS DECIDED THAT TIME FOR NEGOTIATIONS WITH UNITED BRANDS (UB) HAS ENDED AND TO PROCEED WITH EFFORT TO EXECUTE EXPROPRIATION DECREES OF DECEMBER 1976.

2. ARAGON DECLARED THAT INA ACTION COMES AS SURPRISE TO UB WHICH HAD UNDERSTOOD THAT SANDOVAL WOULD WITHHOLD IMPLEMENTATION OF DECREES PENDING RECEIPT OF UB PROPOSAL AND OUTCOME OF DIRECT NEGOTIATIONS. ARAGON ADDED THAT WILLIAM MATHERS, UB EXECUTIVE VICE PRESIDENT, WAS EXPECTED TO ARRIVE MID-MARCH TO PRESENT PROPOSAL. MATHERS CONFIRMED IN CALL TO AMBASSADOR BECKER THIS MORNING THAT HE WOULD ARRIVE MARCH 14.

3. AMBASSADOR BECKER ADVISED ARAGON TO CONSIDER CALLING GUILLERMO  
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BUESO, PRESIDENT OF CENTRAL BANK TO REQUEST MEETING WITH KEY MINISTERS AND SANDOVAL AT WHICH ARAGON MIGHT REQUEST DEFERRAL OF INA LEGAL PROCEEDINGS UNTIL UB PROPOSAL SUBMITTED AND CONSIDERED. SUCH A MEETING WAS HELD LATE AFTERNOON MARCH 3. DESPITE STRONG ARGUMENT BY SANDOVAL AT THIS MEETING FOR PROCEEDING, CONSENSUS EMERGED FOR DEFERRAL AT INITIATIVE OF PLANNING MINISTER CARLETA. ARAGON FEELS SATISFIED THAT UB WILL BE GIVEN OPPORTUNITY PRESENT

ITS PROPOSAL AS PLANNED MID-MARCH, AND THAT EXECUTION OF DECREES DEFERRED.

4. COMMENT: SANDOVAL HAS BEEN UNDER FIRE FROM ORGANIZED CAMPESINO GROUPS FOR NOT MOVING FAST ENOUGH TO RE-DISTRIBUTE VARIOUS TRACTS OF EXPROPRIATED LAND, AND UNTIL RECENTLY THERE WERE RUMORS THAT HIS DEMISE WAS IMMINENT AS DIRECTOR OF INA. HE HAS DRAWN CRITICISM ALSO FOR ATTEMPTING DISMISS INA DEPUTY DIRECTOR AND THREE OTHER INA OFFICERS. ACCORDING LATEST ACCOUNTS, SANDOVAL HAS FURVIVED, FOR NOW, AND OTHE INA OFFICERS HAVE BEEN TERMINATED. THE EMBASSY SUSPECTS THAT SANDOVAL TOOK ACTION TO IMPLEMENT UB EXPROPRIATION DECREES IN EFFORT TO REGAIN SUPPORT OF AGRARIAN GROUPS.  
BECKER

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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